



## TIMELY TIPS FOR STEERING AROUND THE STALLED ECONOMY

Virginia Department of Business Assistance staff were asked recently to offer their insight into the actions businesses should consider to help them stay afloat in the roiling waters of today's economy.

**Dave Fuller** from Business Information Services, **Mary Jo Sisson-Vaughan** and **Patty Thorne** from Financial Services (VSBFA) participated in the discussion, relying on their combined 80 years of banking, business management and business consulting experience. They agreed that many best practices aren't just for economic slowdowns—they should be standard operating procedure.

Attend an [Entrepreneur Express](#) event to participate interactively with our staff and your peers on starting a business, growing a business, and surviving in today's climate.

Here are VDBA's tips, by category:

### Manage Inventories – think liquidity

- Eliminate unproductive SKU's and thus reduce the cost of inventory and carrying costs. In some cases, the bottom 20% of SKU contributed only 4% of sales
- Renegotiate inventory – move to consignment methods with vendors
- Avoid encouragement to “trade down” – maintain value of higher visibility or premier products
- Eliminate options in favor of maintaining brand integrity
- Move stale products out of first contact sales channels into discount, catalogue or on-line channels.

### Manage Contracts

- For new contracts, get at least partial payment in advance
- Be aggressive about collections & increasingly selective about offering credit to your customers

- Send invoices out daily—show the due date in bold, shorten terms if necessary. Get account receivables to smallest dollar amount possible
- Revisit existing contracts for everything – renegotiate for more flexible terms, fees, costs, etc.
- Barter rather than buy

## **Manage Costs**

- Freeze hiring and expand the “span of control” – do more with less by eliminating small, more unproductive tasks in favor of strategic, value added work
- Create process efficiencies. If the work contributes to sales – do more of it. If it does not, do less of it.
- Locate and hire top talent from competitors – they bring strength, agility, fresh ideas and practices and are ready to go to work
- Maintain consistency in value
- Avoid discounts/promotions inconsistent with brand or past practices
- Create value perception by frequent changes in visuals and experiences – lighting, refreshments, displays, and samples
- Keep up the advertising and marketing – many companies panic and cut this expense. Those that can continue their marketing efforts can move business from competitors to their business.
- Know your clients so you are better able to address their changing needs. Keep in touch with them.

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